

3. Consolidated operating performance forecasts for FY03/22 (April 1, 2021 to March 31, 2022)

(% shows QoQ and YoY increase/decrease rate, respectively.)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen Sen
Full-year	37,310	△1.4	11,750	20.2	11,830	20.0	8,120	20.0	51.03

Note: Correction from the most recently announced performance forecasts: No

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company has applied the Accounting Standard for Revenue Recognition, etc. and the sales forecasts provided above are based on the new accounting standard. The sales forecast for FY03/22 when not applying the new accounting standard would be ¥45,490 million (up 20.2% YoY) for the full year. We do not expect any changes in the forecasts for operating income, ordinary income, and net income attributable to owners of the parent as a result of the application of the Accounting Standard for Revenue Recognition, etc. to the new accounting standard. Our publication released on May 12, 2021 differently estimated the impact of the application of the new accounting standard because we included new services that were released in this period in the preliminary calculation. However, this does not affect the full-year performance forecast.

* Notes

(1) Important change to a subsidiary company during the cumulative : Yes
quarterly consolidated accounting period

(a change to a specified subsidiary with a change of the scope of consolidation)

New: 1 company (Name) JTB BENEFIT SERVICE, Inc. Exclusion: - company (Name)

(2) Application of the entry under accounting methods specific to the : No
preparation of quarterly consolidated financial statements

(3) Changes of the accounting policy, changes to accounting estimates, and restatement

1) Changes of the accounting policy resulted from the revision of : Yes
accounting standards, etc.

2) Changes of the accounting policy other than 1) : No

3) Changes to accounting estimates : No

4) Restatement : No

Note: For details, see “2. Quarterly consolidated financial statements and major notes, (3) Notes on the quarterly consolidated financial statements (Changes of the accounting policy)” on page 11 of the appendix.

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares) as of the end of the period

Q3 FY03/22	159,970,000 shares	FY03/21	159,970,000 shares
Q3 FY03/22	835,204 shares	FY03/21	835,160 shares
Q3 FY03/22	159,134,808 shares	Q3 FY03/21	159,134,861 shares

2) Number of treasury shares as of the end of the period

3) Average number of shares during the period (cumulative quarterly)

Note: The Company has introduced “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT).” Treasury shares remaining in “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT)” that are recorded as treasury shares in shareholders’ equity are included in treasury shares deducted in the calculation of the average number of shares during the period for the calculation of quarterly net income per share.

* The summary of quarterly financial results is not subject to the quarterly review by a certified public accountant or an auditing firm.

* Explanation on the appropriate use of performance forecasts and other notable matters

- Descriptions about the future, including performance forecasts, in this document are based on information that the Company has at present and certain assumptions judged as reasonable. The Company does not intend to promise to achieve them. Actual performance, etc. could significantly differ depending on various factors. For conditions on which performance forecasts are based and notes for the use of performance forecasts, etc. see “1. Qualitative information regarding the quarterly financial results, (3) Qualitative information regarding consolidated operating performance forecasts” on page 6 of the appendix.
- The Company plans to post its supplementary material on quarterly financial results on the company website(<https://corp.benefit-one.co.jp/ir/library/index.html>).

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1. Qualitative information regarding the quarterly financial results

(1) Qualitative information regarding consolidated operating results

The Japanese economy, which had been under difficult circumstances due to COVID-19-related impact, gradually began to exhibit signs of recovery toward the end of the first nine months of the fiscal year ending March 31, 2022 (cumulative Q3 FY03/22). In accordance with the medium-term management plan announced on May 12, 2021, our Group has been implementing a membership expansion strategy centered on HRDX support, as well as a growth strategy focused on bold expansion into the settlement business.

Specifically, as initiatives for HRDX support, we have migrated data of 3.4 million or more members, mainly members of customer companies of the Employee Benefit Services business, to the “Bene ONE PLATFORM (Note)” since June 2021. We plan to further move ahead with member data migration and focus our efforts on spreading the use of “Bene Account,” a member ID that can be used with various HR services. To further enhance the convenience of the open Bene ONE PLATFORM, we formed an alliance with SCSK Corporation in June 2021. We subsequently established services that provide data-based linkage with the ProActive attendance and payroll management system offered by SCSK Corporation, and have since conducted data-based collaboration involving third-party HR technology services.

As an initiative in the settlement business, we rolled out the “Kyutokubarai” service utilizing a salary deduction scheme in June 2021. With the goal of monetizing the settlement business through this service, we are pitching its adoption to customers of our Employee Benefit Services while cultivating member stores and restaurants as we focus on the field of lifestyle infrastructure and flat-rate services.

Anticipating dramatic expansion in its membership base and its distribution of services, we acquired all shares of JTB Benefit Service, Inc. on October 29, 2021, converting it into a subsidiary. We plan to integrate JTB Benefit Service's operations through an absorption-type merger, provided that the merger is approved at the extraordinary general meeting of shareholders scheduled for March 29, 2022. Through this merger, we aim to establish economies of scale and improve both the quality and quantity of our services by integrating services and organizational functions of JTB Benefit Service that overlap with those of our Group.

While implementing these medium- and long-term initiatives, our Group generated favorable consolidated operating results during the first nine months of the fiscal year ending March 31, 2022 (cumulative Q3 FY03/22), with the primary driving force behind this performance stemming from COVID-19 vaccination support operations launched through our Healthcare business in the same fiscal year.

In the Employee Benefit Services business, member count remained flat throughout the period under review, but member use of services began to increase in October 2021, following the conclusion of a previously declared state of emergency, and this increase led to growth in rebate-related expenditures. We achieved more successful results through our Healthcare business than we had expected at the beginning of the period as we focused on providing new health support services, including the COVID-19 vaccination support project, in response to social and economic needs, contributing to an increase in overall consolidated profit.

In terms of business growth, the Group incurred measurable impact from the COVID-19 pandemic but was able to offset this impact by developing new and profitable businesses in response to socioeconomic trends. As a result, consolidated sales in cumulative Q3 FY03/22 were ¥27,068 million (down 0.0% YoY), while consolidated operating income amounted to ¥9,538 million (up 37.9% YoY), consolidated ordinary income ¥9,552 million (up 37.2% YoY), and consolidated net income attributable to owners of parent ¥6,663 million (up 39.6% YoY). Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company Group started applying the Accounting Standard for Revenue Recognition. This standard's application had downward impacts of ¥5,835 million on sales, ¥5,821 million on cost of sales, and ¥14 million each on operating income, ordinary income, and quarterly net profit before taxes.

Our Group provides membership services, and associated operations are focused primarily on its outsourced employee benefit service business in Japan. Due to our previous consolidation of business segments, our only reportable segment is the Membership Service business. Accordingly, information concerning individual segments has been omitted.

Note: Bene ONE PLATFORM is designed to manage and utilize corporate HR and health data, enhance employee performance, and revitalize organizations through centralized management, visualization, and analysis of all employee data. At the same time, its construction enables it to raise the efficiency of HR department management through the utilization of “Bene Account,” an ID that is issued exclusively to members and can be used with various HR services.

(2) Qualitative information regarding consolidated financial position

Status of assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q3 FY03/22 consolidated accounting period were ¥51,616 million, an increase of ¥15,444 million from the end of the previous consolidated fiscal year.

Current assets decreased by ¥157 million to ¥28,539 million. This is primarily because of an increase in cash and deposits (¥2,387 million), an increase in inventories (¥700 million), an increase in accounts receivable – other (¥1,587 million), a decrease in deposits paid (¥4,500 million), etc.

Non-current assets increased by ¥15,601 million to ¥23,077 million. This is primarily because of an increase in goodwill (¥11,755 million) resulted from the acquisition of a consolidated subsidiary, an increase in software (¥2,447 million) resulted from an investment in system equipment, etc.

(Liabilities)

Total liabilities at the end of the Q3 FY03/22 consolidated accounting period were ¥28,856 million, an increase of ¥12,550 million from the end of the previous consolidated fiscal year.

Current liabilities increased by ¥3,811 million to ¥18,995 million. This is primarily because of an increase in short-term borrowings (¥927 million) for financing, an increase in contract liabilities (advanced received at the end of the previous consolidated fiscal year) (¥2,664 million), etc.

Non-current liabilities increased by ¥8,739 million to ¥9,861 million primarily. This is primarily because of an increase of long-term borrowings (¥9,000 million) for financing, etc.

(Net Assets)

Net assets at the end of the Q3 FY03/22 consolidated accounting period were ¥22,759 million, an increase of ¥2,893 million from the end of the previous consolidated fiscal year. This is primarily because of quarterly net income attributable to owners of the parent (¥6,663 million) in the Q3 FY03/22 consolidated cumulative accounting period, dividend paid (¥4,785 million), etc.

As a result, the equity ratio decreased to 44.1% from 54.9% at the end of the previous consolidated fiscal year.

(3) Qualitative information regarding consolidated operating performance forecasts

(Assumptions underlying the forecast as of the date of its release on May 12, 2021)

In the operating performance forecast for the fiscal year ending March 2022 (FY03/22) announced on May 12, 2021, we expected the impact of the COVID-19 pandemic on the service usage by members in the Employee Benefit Services business and the use of the service on business trips in the Purchase and Settlement Service business would gradually dissipate over the second half of the fiscal year. We did not anticipate the pandemic to have a significant impact on other businesses, and formulated the forecast based on the assumption that transactions and profit would increase primarily in the Healthcare business.

(Consolidated operating results for cumulative Q3)

In the Employee Benefit Services business, recovery in member usage of services was initially hampered by states of emergency issued in response to the COVID-19 pandemic, but we began to observe steady recovery from October 2021 once the state of emergency was lifted. Meanwhile, in the Healthcare business, contribution from COVID-19 vaccination support operations expanded, driving overall growth in consolidated income.

(Assumptions for operating performance outlook going forward)

We project ongoing recovery in member usage of services offered through our Employee Benefit Services business, and through our Healthcare business, we expect to provide additional support for the third dose of COVID-19 vaccinations moving forward. However, we also acknowledge that these projections, as well as performance in other business areas, could be affected by changing trends associated with the COVID-19 pandemic. We plan to begin reflecting financial results generated through JTB Benefit Service, Inc. (acquired as a subsidiary on October 29, 2021) within our consolidated income statement in Q4. The Company projects that JTB Benefit Service's impact on FY03/22 consolidated financial results will be limited because its period of inclusion within these results will be short and synergies stemming from its organizational integration are not anticipated until FY03/23.

In light of these factors, we have maintained the full-year projections we previously released on May 12, 2021.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q3 FY03/22 (December 31, 2021)
Assets		
Current assets		
Cash and deposits	13,064	15,451
Notes and accounts receivable - trade	6,837	-
Notes, accounts receivable, and contract assets - trade	-	5,392
Inventories	1,325	2,025
Other	7,482	5,717
Allowance for doubtful accounts	△12	△47
Total current assets	28,696	28,539
Non-current assets		
Property, plant and equipment	1,310	1,334
Intangible assets		
Goodwill	4	11,755
Other	2,393	4,833
Total intangible assets	2,397	16,589
Investments and other assets		
Other	3,778	5,160
Allowance for doubtful accounts	△11	△7
Total investments and other assets	3,767	5,152
Total non-current assets	7,475	23,077
Total assets	36,171	51,616

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q3 FY03/22 (December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,284	3,478
Short-term borrowings	174	1,102
Income taxes payable	2,030	1,431
Accounts payable - other	2,684	3,192
Advances received	4,578	-
Contract liabilities	-	7,243
Other	2,432	2,547
Total current liabilities	15,184	18,995
Non-current liabilities		
Long-term borrowings	-	9,000
Provision for point card certificates	588	-
Reserve for employee stock ownership plan	212	272
Provision for share-based remuneration for directors (and other officers)	127	165
Other	193	423
Total non-current liabilities	1,121	9,861
Total liabilities	16,306	28,856
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,452	1,452
Retained earnings	17,095	18,973
Treasury shares	△1,322	△1,322
Total shareholders' equity	18,753	20,631
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,093	2,114
Foreign currency translation adjustment	18	13
Total accumulated other comprehensive income	1,112	2,127
Total net assets	19,865	22,759
Total liabilities and net assets	36,171	51,616

(2) Quarterly consolidated profit and loss statements and quarterly consolidated comprehensive income statements

Quarterly consolidated profit and loss statements

Consolidated cumulative Q3

(Millions of yen)

	Consolidated cumulative Q3 FY03/21 (April 1, 2020 to December 31, 2021)	Consolidated cumulative Q3 FY03/22 (April 1, 2021 to December 31, 2021)
Sales	27,074	27,068
Cost of sales	15,215	12,256
Gross profit	11,858	14,812
SG&A expenses	4,942	5,274
Operating income	6,916	9,538
Non-operating income		
Interest income	20	16
Dividend income	15	21
Foreign exchange gains	-	27
Subsidy income	28	17
Other	6	15
Total non-operating income	72	98
Non-operating expenses		
Interest expenses	3	12
Commitment fee	10	64
Share of loss of entities accounted for using equity method	2	6
Foreign exchange losses	5	-
Other	5	0
Total non-operating expenses	27	84
Ordinary income	6,960	9,552
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	0	24
Total extraordinary income	0	24
Extraordinary losses		
Loss on sales of investment securities	-	2
Total extraordinary losses	-	2
Quarterly net profit before taxes	6,961	9,574
Income taxes - current	2,170	3,081
Income taxes - deferred	19	△170
Total income taxes	2,189	2,910
Quarterly net profit	4,771	6,663
Quarterly net loss attributable to non-controlling interests (△)	△0	-
Net income attributable to owners of parent	4,772	6,663

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q3

(Millions of yen)

	Consolidated cumulative Q3 FY03/21 (April 1, 2020 to December 31, 2021)	Consolidated cumulative Q3 FY03/22 (April 1, 2021 to December 31, 2021)
Quarterly net profit	4,771	6,663
Other comprehensive income		
Valuation difference on available-for-sale securities	397	1,020
Foreign currency translation adjustment	1	△5
Total other comprehensive income	398	1,015
Quarterly comprehensive income	5,170	7,678
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	5,171	7,678
Quarterly comprehensive income attributable to non-controlling interests	△0	-

(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on substantial changes in the amount of shareholders' equity)

Not applicable.

(Application of the entry under accounting methods specific to the preparation of quarterly consolidated financial statements)

Not applicable.

(Changes of the accounting policy)

(Application of the new Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, Benefit One has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020: hereinafter, "Revenue Recognition Accounting Standard"), etc. and recognized revenue as the amount expected to be received in exchange for goods or services when the control over the promised goods or services is transferred to the customer.

As a resulting major change, the Company judged its role in the provision of services to customers in part of the transactions in the Healthcare business as the role of an agent. Previously, the total of the amount of consideration received from the customer was recognized as sales. After the application of the new standard, however, sales have been recognized as the net amount obtained by deducting the amount paid to an outsourcee from consideration received from the customer.

In addition, if the enterprise grants an option of allowing the customer to purchase additional goods or services from the enterprise at discount prices as part of the contract with the customer, the Revenue Recognition Accounting Standard requests the enterprise to identify the option as a separate performance obligation and recognize a part of the consideration for the transaction as a contract liability at the time of granting the option, and to recognize revenue when goods or services are transferred to the customer in the future or when the option expires. For this reason, the Company has changed its revenue recognition method. Previously, of "Benepo" that was granted to members according to the service provision in the Employee Benefit Services, the amount that is expected to be used in the future was included in the "Provision for point card certificates." After the application of the Revenue Recognition Accounting Standard, however, of the consideration received from members, the amount of "Benepo" granted to members according to the service provision and expected to be used in the future has been included in "Contract liabilities" as a separate performance obligation and revenue is recognized when the "Benepo" is used or expires.

With regard to the application of the Revenue Recognition Accounting Standard, etc., the Company adds or subtracts cumulative effects, which would have been made if the new accounting policy were retroactively applied to the period before the beginning of the Q1 FY03/22 consolidated accounting period, to or from retained earnings at the beginning of the Q1 FY03/22 consolidated accounting period, and applies the new accounting policy from the beginning of the Q1 FY03/22 consolidated accounting period in accordance with the transitional handling specified in the note in paragraph 84 of the Revenue Recognition Accounting Standard. However, the Company applies the method specified in paragraph 86 of the Revenue Recognition Accounting Standard and does not retroactively apply the new accounting policy to contracts for which almost all revenues were recognized in accordance with the previous handling method until the beginning of the Q1 FY03/22 consolidated accounting period. The Company also applies the method specified in (1) of paragraph 86 of the Revenue Recognition Accounting Standard. With regard to contract changes made before the beginning of the Q1 FY03/22 consolidated accounting period, the Company performs account processing based on the contract terms and conditions after reflecting all contract changes and adds or subtracts the amounts of cumulative effects to or from retained earnings as of the beginning of the Q1 FY03/22 consolidated accounting period.

As a result, sales for the Q3 consolidated cumulative period decreased by ¥5,835 million, cost of sales decreased by ¥5,821 million, and operating income, ordinary income, and quarterly net profit before taxes decreased by ¥14 million, respectively. The balance of retained earnings at the beginning of the period decreased by ¥0 million.

With the application of the Revenue Recognition Accounting Standard, etc., the Company decided to include “Notes and accounts receivable – trade,” which was presented under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, in “Notes, accounts receivable, and contract assets - trade” from the Q1 FY03/22 consolidated accounting period and include “Advances received” including the Incentive Point that was previously indicated under “Current liabilities” in “Contract liabilities” from the Q1 FY03/22 consolidated accounting period. The Company has not undertaken reclassification for the previous consolidated fiscal year and the previous consolidated cumulative Q2 period, using the new presentation method, in accordance with the transitional handling specified in paragraph 89-2 of the Revenue Recognition Accounting Standard.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., and decided to continue to apply the new accounting policy provided in the Accounting Standard for Fair Value Measurement, etc. in the future in accordance with the transitional handling specified in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Changes to accounting estimates)

Not applicable.

(Restatement)

Not applicable.

(Business combination, etc.)

Business combination through acquisition

The Company acquired all shares of JTB BENEFIT SERVICE, Inc. as of October 29, 2021, and made it a subsidiary.

1. Outline of the business combination

(1) Name and business of the acquired enterprise

Name	JTB BENEFIT SERVICE, Inc.
Description of business	Outsourced employee benefit service

(2) Reason for the business combination

While COVID-19 has had a significant impact on society and the economy, the crisis has triggered the acceleration of initiatives including workstyle reform, health management, and digitalization in many companies. Corporate HR departments will increasingly utilize outsourcing services in the future and HRDX (digital transformation in HR) is expected to become an important challenge.

Taking this socioeconomic trend as an opportunity, the Group has developed not only the employee benefit service, healthcare service, and other outsourcing services, but also the “Bene ONE PLATFORM” that allows the management and utilization of HR and health data by linking such data with various HR- and labor-related outsourcing services. The Group is promoting its platform strategy to support enterprises’ HRDX and working to widely spread the platform and increase members as its medium- to long-term core strategy.

JTB BENEFIT has been a key player in the employee benefit service industry since its foundation in 2000, aiming to contribute to the “work-life balance of working people” and “the creation of a dynamic workplace.”

Today, the Company decided to welcome JTB BENEFIT into the Group, based on its medium-term management plan, expecting a dramatic expansion of the membership base and service distribution.

(3) Date of business combination

October 29, 2021

(4) Legal form of the business combination

Share acquisition for which consideration consists of cash

(5) Name of the combined enterprise

There is no name change.

(6) Percentage of acquired voting rights

100%

(7) Main reason for deciding the acquiring enterprise

The Company is the acquiring enterprise as it acquired the shares in exchange for cash of the Company.

2. Period of performance of the acquired enterprise included in the quarterly consolidated profit and loss statements for the cumulative quarterly consolidated accounting period

No period of performance of the acquired enterprise is included in the quarterly consolidated profit and loss statements for the Q3 FY03/22 consolidated cumulative period because the acquisition date in the business combination is deemed as December 31, 2021.

3. Acquisition cost for the acquired enterprise and breakdown by type of consideration

Consideration for acquisition	Cash	¥12,177 million
Acquisition cost		¥12,177 million

4. Amount of goodwill that occurred, the cause for the occurrence, and the method and period of amortization

(1) Amount of goodwill that occurred

¥11,755 million

The identification of identifiable assets and liabilities as of the date of business combination is under scrutiny at the end of the Q3 FY03/22 consolidated accounting period, and the allocation of the acquisition cost has not been completed. Therefore, the amount of goodwill is in a provisional accounting process, and the method and period of amortization are also under scrutiny.

(2) Cause for the occurrence

The acquisition cost exceeded the net assets of the acquired enterprise, so the excess amount was recorded as goodwill.

(Important subsequent events)

Not applicable.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.